GRUMMAN DAILY EDITION
plane news
October 12, 1981

Gavin, Skurla field questions at pin meeting

At the Great River pin meeting last Friday, Joe Gavin and George Skurla personally congratulated those Grummanites who marked five, 10, 15 and 20 years' service. As they have since the first pin meeting back in the Thirties, Grummanites also had the opportunity to ask Gavin and Skurla questions.

Tradition. *On Friday, October 9, scores of Grummanites at Great River Operations were on hand to receive their service pins from Joe Gavin (L) and George Skurla (R). Many attendees asked questions about the LTV takeover bid.*

Obviously, most of the inquiries were about the LTV takeover attempt. Here are a few responses.

Have other companies expressed interest in buying Grumman? So far, there have been no indications from other companies. Of course, you always worry that someone else will slip into the takeover bidding. DuPont/Conoco is a good example of this.

But the name of the game is for Grumman to remain independent. Grumman is unique. If being part of a huge conglomerate would be so beneficial, then why isn't Vought more successful?

Many people, including our government representatives, are calling on President Reagan to oppose this takeover attempt. What can the President do? The President can ask the Justice Department to look into antitrust implications. The Defense Secretary can consider the implications such a takeover would have on future weapon systems for the nation. I believe Grumman's message is getting through to Washington D.C. When this whole thing began I don't think LTV had any notion that the Grumman people would put up such a fight. LTV stuck its hands in a hornet's nest. Keep letting your elected officials know your concern!

LTV's Paul Thayer says no work would be taken off Long Island. I find that hard to believe. What do you think? I'm skeptical myself. Anytime one company acquires another, something gets squelched out—usually from the company that's been taken over. Experience shows that the acquiring company looks for higher efficiency by eliminating certain operations. Even if new business were to come this way, who's to say that with lower tax rates in Texas that the work would not be destined for Dallas instead of Long Island.

What is an adequate offer for Grumman? That could only be determined by the board of directors which is obliged to study each offer—whether it is solicited or not. I'd like to add that the outside directors have been a tremendous help. They may not know how to build planes, but their expertise in finances, business and government matters has been invaluable. In fact, a few months ago, one director said at a regular board meeting, "Let's get prepared in case someone tries to take us over." So when LTV made its offer, we were not completely caught off guard; we weren't flat footed. In addition, you'd appreciate knowing that as a group the board of directors unanimously elected not to tender any of their own personal shares of Grumman.

Has the Grumman Political Action Committee helped? Many of our elected representatives have come to bat for us. Thanks to the PAC, they understand Grumman, its people and its products, a lot better today than five years ago. So when Grummanites and our suppliers started expressing their concern about the unsolicited takeover attempt, these elected officials already had a good understanding of what Grumman stands for.

What is the record for successful takeover attempts—both friendly and unfriendly? About 80 percent succeed...though not necessarily by the original bidder. In those successful takeovers, about half are made by later bidders. We have to remember that Grumman's case is quite unusual because a good portion of the company is owned by the employees. Quite a few people predict that business schools will be studying the Grumman case for years to come.

If LTV is unsuccessful, does Grumman have any plans to scare away future takeover attempts? Yes, we have been working on a plan for the past few months—only we wish we had done so sooner. A few minor modifications to the Employee Investment Plan and to the Pension Plan would ensure employee ownership. But our lawyers say it's impossible to have a 100 percent fool-proof plan when it comes to takeovers.

'Bullish on Aerospace'

After Gavin fielded questions about the LTV takeover attempt, Skurla congratulated the Great River team for its recent contract awards and then gave a brief summary of Grumman Aerospace's business outlook. "I continue to be bullish on Aerospace," said Skurla. "The *Wall Street Journal* article yesterday backed me up. I can understand why LTV is licking its chops and can't wait to get its hands on our business. . .

"The past two weeks have been a very emotional experience for the Grumman family," continued Skurla, "but we've all rallied together. We are all for one and one for all. That Grumman spirit will win this latest challenge."

FTC requests LTV material

Grumman was notified last week that the Federal Trade Commission, acting under the Hart-Scott-Rodino Act, had issued a second request to LTV Corporation for further, extensive information and documentary material concerning its attempted takeover of Grumman.

(Continued)

October 9, 1981 — Grumman shares closed at 35 7/8 today; approximately 265,900 Grumman shares were traded.

Under the terms of the Act, LTV is precluded from purchasing Grumman stock until 10 days after full compliance with FTC's request.

The information and documents requested are to assist the commission in determining whether to take action against the proposed takeover under the antitrust laws.

Ohio makes a stand

In an order issued late Friday, October 9, the Ohio Division of Securities barred LTV from soliciting the sale of Grumman shares from Ohio residents.

The division believes LTV failed to provide full disclosure of facts related to its proposed $45 a share tender offer for Grumman.

The order said LTV failed to disclose that:

- It has a definite plan to dispose of the bulk of Grumman's non-aerospace assets as quickly as possible to repay debt;
- Financial analysts used by LTV assume the sale of such assets; and
- LTV and its lead lender (Manufacturer's Hanover Trust) have an understanding that such assets will be sold to repay in part the loan between them.

LTV was ordered to "cease and desist from soliciting the sale of shares of Grumman Corp. from Ohio residents" because the Division of Securities believes if LTV proceeds on the basis of present disclosure, shareholders might be substantially harmed.

LTV has 30 days to seek a hearing.

A message from Leroy Grumman

The October 7 letter to Grumman securityholders from Jack Bierwirth included the following message from one of the company founders, Leroy Grumman:

"I am saddened and angered by this attempt to jeopardize the future of our company, which has worked so hard and so well to establish its reputation among the leaders of the aerospace industry. I see no merit whatsoever in becoming part of LTV, and no benefit to either our securityholders or our employees. I would like them to know that none of my holdings will be tendered to LTV."

LIA parade set for Sunday

This Sunday, October 18, is going to be a perfect autumn day with blue skies and ideal temperatures. Perfect weather for a parade.

The Long Island Association of Commerce and Industry is sponsoring the first annual bi-county Pride Parade this Sunday. Schools, civic organizations, scout troops, and many Long Island companies will be marching. More than 50,000 spectators are anticipated.

Although the parade has been planned for months, the timing for Grumman is especially handy. It presents an excellent opportunity to show the rest of Long Island that the Grumman family is going to stick together—and that we intend to be an independent part of this community for a long, long time.

Plan to march in the parade. Make posters, carry banners, wear your Grumman windbreaker, and have the kids wear their Tomcat tee-shirts: anything to identify you as members of the Grumman family.

The parade will start out at 1:00 p.m. at Heckscher State Park in East Islip; but because of the anticipated traffic, it would be a good idea to get there early and make a day of it.

More details—and a map of the parade route—will appear in *Plane News* later this week.

Grummanites in Houston add to campaign kitty

LTV headquarters may be just 300 miles north of Houston, but over 400 Grumman Houston Corporation men and women proclaim that their hearts belong to Grumman.

As soon as they heard that Grummanites up north were collecting money to launch an employee-sponsored ad campaign against LTV, they started donating a buck a piece, too. After everyone chipped in a dollar, they decided to boost the tally by selling burritos to fellow Grummanites at lunch.

Then, the Electrical Fabrication group sponsored a covered dish luncheon. By week's end, Grummanites in Houston collected over $750 for the employee ad campaign.

The pen is mightier...

Here are more names of senators representing Grumman "home states:"

Maryland

Hon. Charles Mathias
Rm 358, Russell Senate Office Building
Washington, D.C. 20510

Hon. Paul Sarbanes
Rm 2327, Dirksen Senate Office Building
Washington, D.C. 20510

Pennsylvania:

Hon. John Heinz
Rm 443, Russell Senate Office Building
Washington, D.C. 20510

Hon. Arlen Specter
Rm 342, Russell Senate Office Building
Washington, D.C. 20510

Rhode Island:

Hon. John Chafee
Rm 5229, Dirksen Senate Office Building
Washington, D.C. 20510

Hon. Claiborne Pell
Rm 325, Russell Senate Office Building
Washington, D.C. 20510

Virginia:

Hon. Harry Byrd, Jr.
Rm 245, Russell Senate Office Building
Washington, D.C. 20510

Hon. John Warner
Rm 405, Russell Senate Office Building
Washington, D.C. 20510

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Questions or comments? Contact us.

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